

If no tangible personal property is transferred incident to a sale of service, Service Occupation Tax is not incurred on the sale. See 86 Ill. Adm. Code 140.101. (This is a GIL.)

September 18, 2003

Dear Ms. Xxxxx:

This letter is in response to your letter dated December 3, 2002, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.1120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry. The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

My name is NAME. I am operating a small business in CITY/STATE. I have three clients that live in Illinois and am not sure if I need to charge them sales tax. I have been told that in the state of Illinois that you do not charge sales tax for labor. My business is only window washing. I sent you a small note a couple of months ago and have not heard back from you. My total revenue in the state of Illinois is only \$145.00 year to date. Please let me know whether I need a sales tax permit and if I can just go ahead and file an Iowa tax return.

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. See 86 Ill. Adm. Code 150.101. If no tangible personal property is being transferred to your client's customers, then no Illinois Retailers' Occupation Tax and Use Tax would apply. Likewise, the Service Occupation Tax Act and Service Use Tax are imposed on the transfer of tangible personal property incident to sales of service. See 86 Ill. Adm. Code 140.101 and 160.101. If no tangible personal property is being transferred to your client's customers, then no Illinois Service Occupation Tax Act and Service Use Tax would apply. If you transfer no tangible personal property to customers incident to your window washing business, you would not be required to remit any sales taxes in Illinois on your sales to customers. However, you would incur a Use Tax on any tangible personal property you use to perform your service in Illinois. A credit is available against your Use Tax liability for taxes properly due and paid in another state. See, 86 Ill. Adm. Code 150.310.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).]

Very truly yours,

Jerilynn T. Gorden
Senior Counsel – Sales and Excise Taxes

JTG:msk